

**VERRA
MOBILITY™**
Safe. Smart. Connected.

Earnings Overview

Verra Mobility Q2 2023 Earnings Presentation

For the Quarter Ended June 30, 2023

FORWARD-LOOKING STATEMENTS

This presentation includes "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "forecast," "intend," "seek," "target," "anticipate," "believe," "expect," "estimate," "plan," "outlook," and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Such forward-looking statements include projected financial information.

Such forward-looking statements with respect to revenues, earnings, performance, strategies, prospects and other aspects of the business of Verra Mobility Corporation and its subsidiaries (collectively, "Verra Mobility" or the "Company") are based on current expectations and judgements of the Company as of the date of this release. The Company disclaims any intent or obligation to update forward-looking statements hereafter. Forward-looking statements involve risks and uncertainties, and a number of factors could cause actual results to differ materially from those currently anticipated. These factors include, but are not limited to: (1) customer concentration in our Commercial Services and Government Solutions segments; (2) our ability to manage our substantial level of indebtedness; (3) risks and uncertainties related to our government contracts, including legislative changes, termination rights, delays in payments, audits and investigations; (4) decreases in the prevalence of automated and other similar methods of photo enforcement, parking solutions or the use of tolling; (5) our ability to keep up with technological developments and changing customer preferences; (6) our ability to compete in a highly competitive and rapidly evolving market; (7) decreased interest in outsourcing from our customers; (8) the success of our new products and changes to existing products and services; (9) our ability to successfully implement our acquisition strategy or integrate acquisitions; (10) failure in or breaches of our networks or systems, including as a result of cyber-attacks; (11) our ability to manage the risks, uncertainties and exposures related to our international operations; (12) our ability to acquire necessary intellectual property and adequately protect our existing intellectual property; (13) risks and uncertainties related to our share repurchase program; (14) our reliance on a limited number of third-party vendors and service providers; (15) our ability to maintain an effective system of internal controls; (16) risks and uncertainties related to litigation, disputes and regulatory investigations; (16) our ability to properly perform under our contracts and otherwise satisfy our customers; (17) the impact of COVID-19 on our business and results of operations; and (18) other risks and uncertainties indicated from time to time in documents filed or to be filed with the Securities and Exchange Commission (the "SEC") by Verra Mobility. These risks, uncertainties and other factors are further described under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in the documents filed with the SEC from time to time.

You are cautioned not to place undue reliance upon any forward-looking statements, including the projections, which speak only as of the date made. Verra Mobility does not undertake any commitment to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Information

This presentation uses certain non-GAAP financial information, including earnings before interest, taxes, depreciation and amortization ("EBITDA") and adjusted EBITDA, which further excludes certain non-cash expenses and other transactions that management believes are not indicative of Verra Mobility's ongoing operating performance.

Verra Mobility believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to Verra Mobility's financial condition and results of operations. These financial measures are not recognized measures under GAAP and they are not intended to be and should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. EBITDA, adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures as defined by SEC rules. This non-GAAP financial information may be determined or calculated differently by other companies. A reconciliation of Verra Mobility's non-GAAP financial information to GAAP financial information is provided in the Appendix hereto and in Verra Mobility's Form 8-K, filed with the SEC, with the earnings press release for the period indicated.

Outstanding Q2, Highlighted by Strong Revenue, Adj. EBITDA and Free Cash Flow

Q2 Business Highlights

- Strong second quarter top-line performance across all business segments
 - Commercial Services: 11% Y-o-Y growth driven by strong travel demand (TSA at 100% of 2019 level)
 - Government Solutions: 14% Y-o-Y **service revenue** growth due to transition from product sales to ARR
 - Parking Solutions: 14% Y-o-Y **total revenue** growth driven by growth in SaaS and Services

Financial Guidance

- Increasing 2023 Financial Outlook
 - Year-over-Year Revenue and Adj. EBITDA growth of ~9%

Capital Allocation Update

- Net Debt: Further reduced net leverage to 2.7x driven by Free Cash Flow generation, debt paydown and warrant redemptions
 - Paid down an incremental \$100 million of floating rate debt in early August
- Warrants: Year to date through the 2nd quarter, ~17 million warrants converted to ~15 million shares; received ~\$106 million in cash proceeds during the second quarter.
 - Subsequent to the end of the 2nd quarter, we have received an incremental \$56 million in cash proceeds from the exercise of warrants

Q2 2023 Financial Highlights

Total Revenue

\$204 million; 9% YoY growth

Adjusted EBITDA¹

\$95 million; 7% YoY growth

Free Cash Flow

\$51 million; 54% FCF Conversion ²

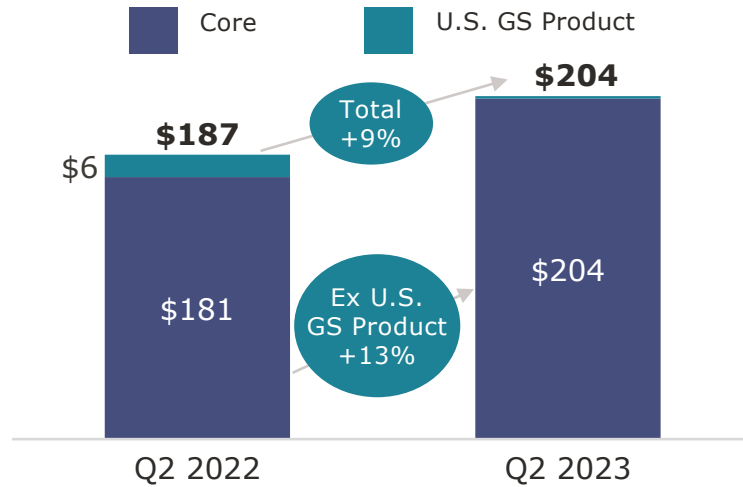
¹ Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. For a reconciliation of these non-GAAP financial measures, see the appendix.

² FCF Conversion defined as Free Cash Flow divided by Adjusted EBITDA

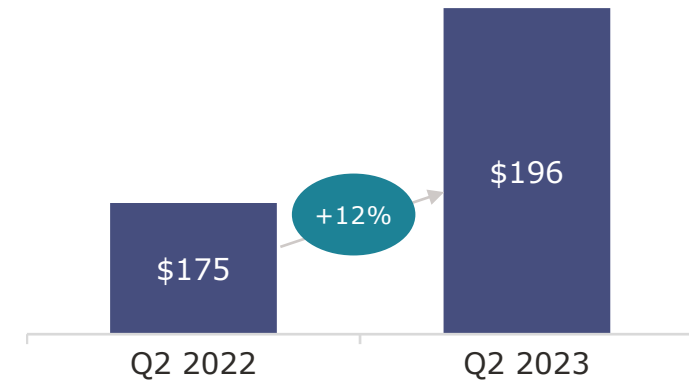
Strong top-line, profitability and Free Cash Flow generation

Consolidated – Q2 Results

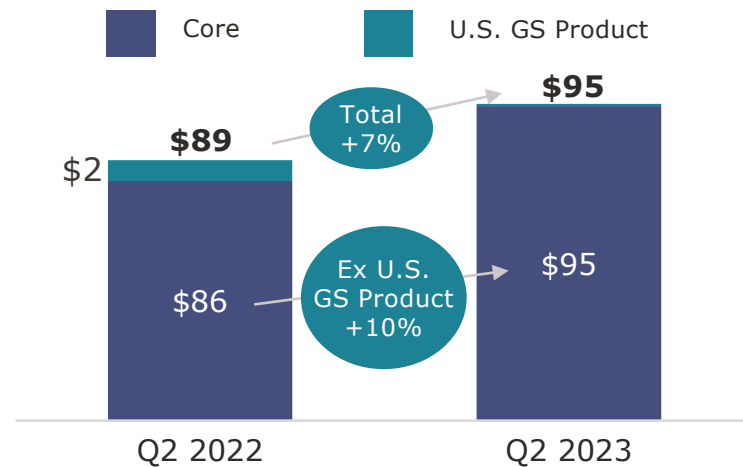
Total Revenue (\$M)



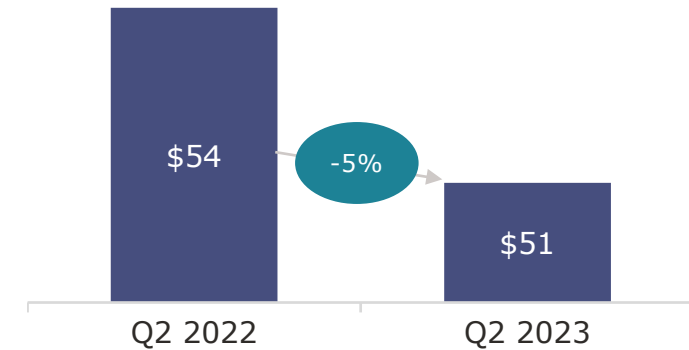
Service Revenue (\$M)



Adjusted EBITDA (\$M)¹



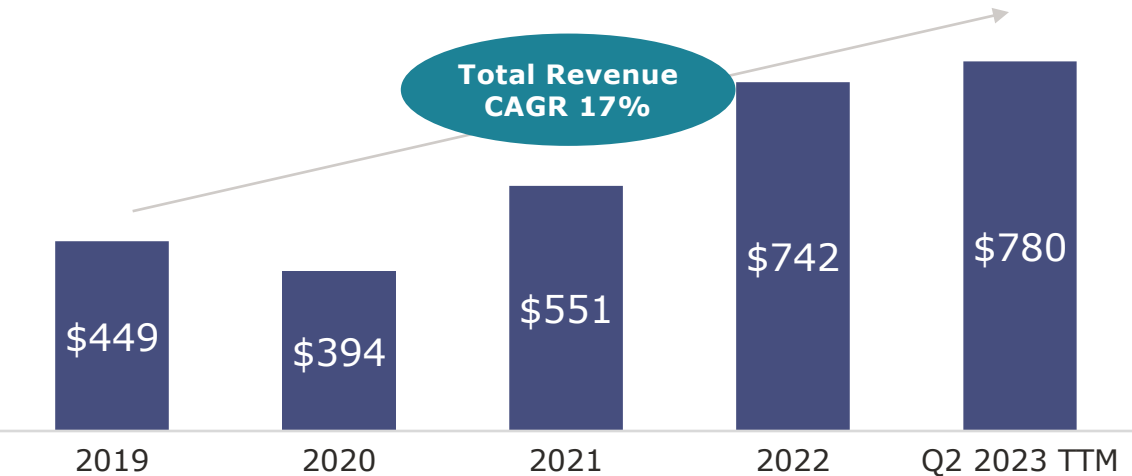
Free Cash Flow (\$M)



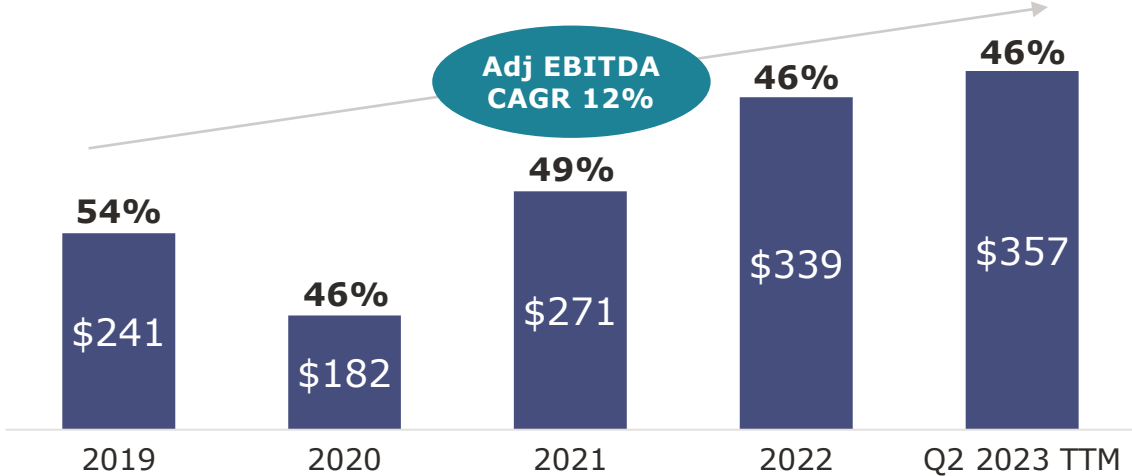
¹ Based on assumption that Adj. EBITDA margins on U.S. product sales are comparable to total GS Adj. EBITDA margins

Core Businesses Drive Strong Growth and Free Cash Flow Conversion

Total Revenue (\$M)



Adjusted EBITDA & Margins (\$M)




95% Re-occurring Revenue¹

Free Cash Flow % Adj. EBITDA
 43% 13% 62% 50% 49%

Strong and consistent Free Cash Flow conversion over this period

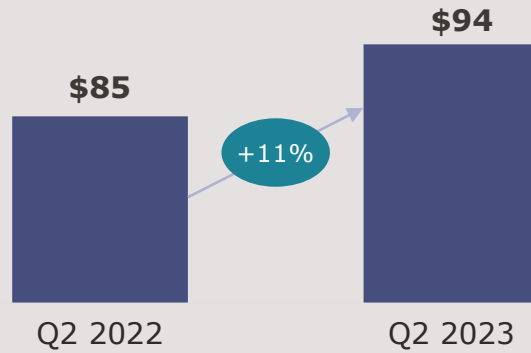


¹ Based on company estimates and calculated on Q2 2023 TTM results

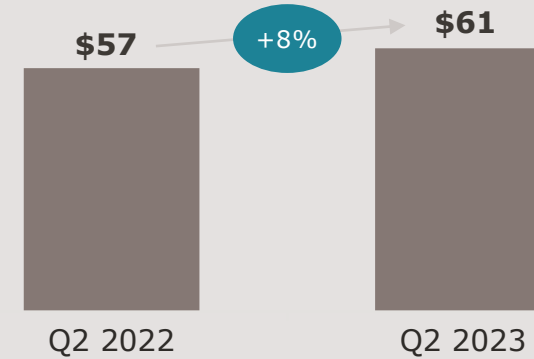
Robust travel demand driving strong performance

Commercial Services – Q2 Results

Total Revenue & YoY Growth



Adjusted EBITDA & YoY Growth



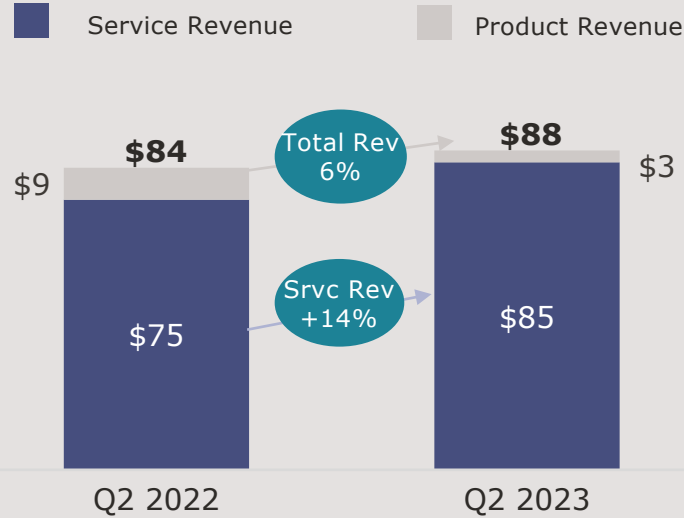
Q2 – Key Highlights

- RAC tolling revenue up 16% over Q2 2022 due to increased travel volume and adoption
- Fleet management revenue up 17% over Q2 2022 due to new vehicle enrollment and toll counts
- Second quarter Adjusted EBITDA margins consistent with normal seasonality as well as increased growth investments

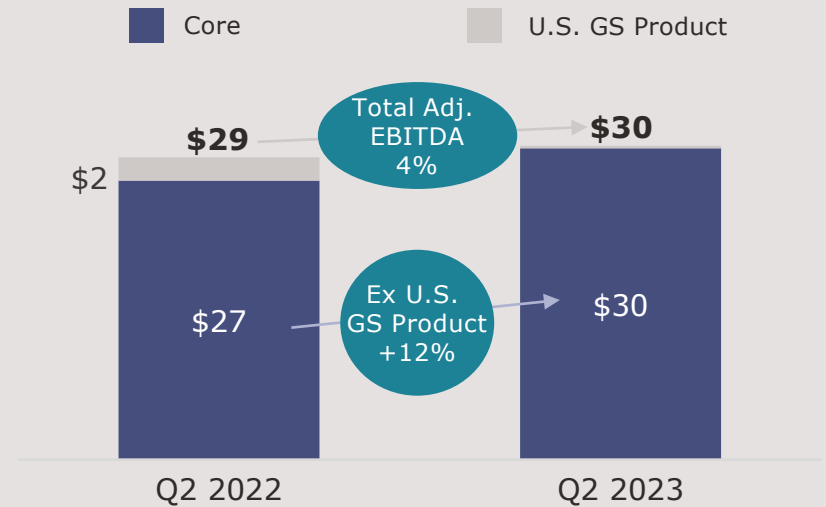
Revenue growth fueled by transition to recurring service revenue

Government Services – Q2 Results

Total Revenue & YoY Growth



Adjusted EBITDA & YoY Growth ¹



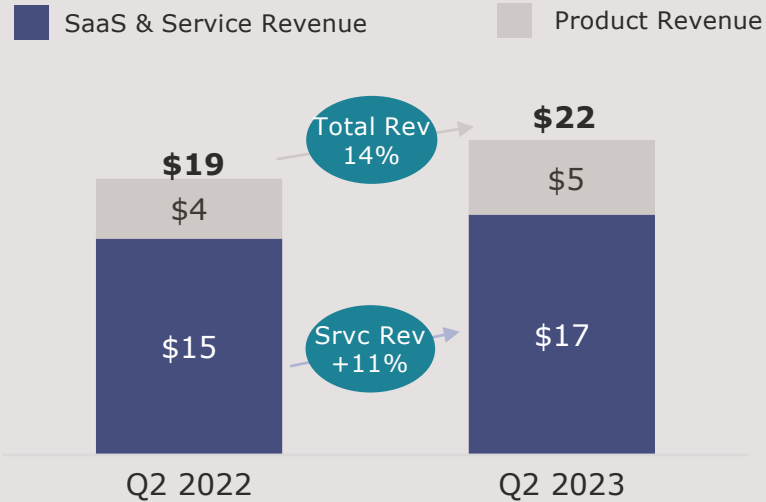
Q2 – Key Highlights

- Service Revenue growth of 14% driven by completion of school zone speed installs and increased monitoring time
- Q2 product revenue of \$3.3 million is indicative of expected 2023 Government Solutions product sales
- Q2 adjusted EBITDA margins largely flat with the prior year despite platform investments due to transition to recurring service revenue and a reduction in bad debt expense

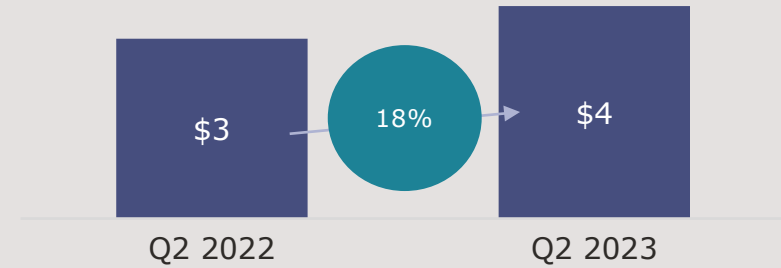
Revenue growth driven by acceleration of SaaS and Services

T2 Systems – Q2 Results

Total Revenue & YoY Growth



Adjusted EBITDA & YoY Growth

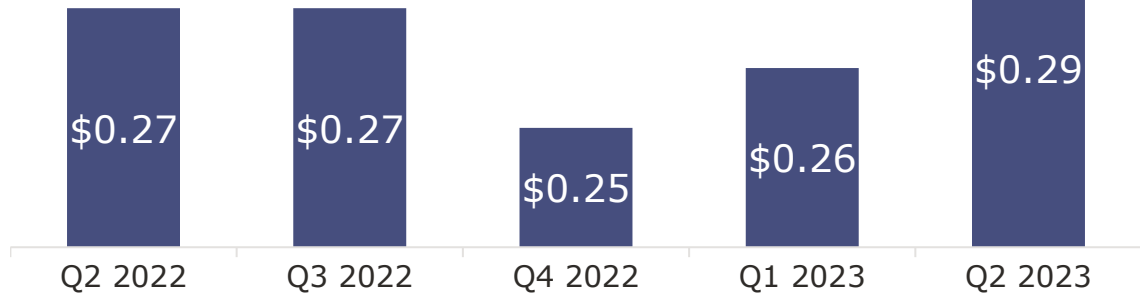


Q2 – Key Highlights

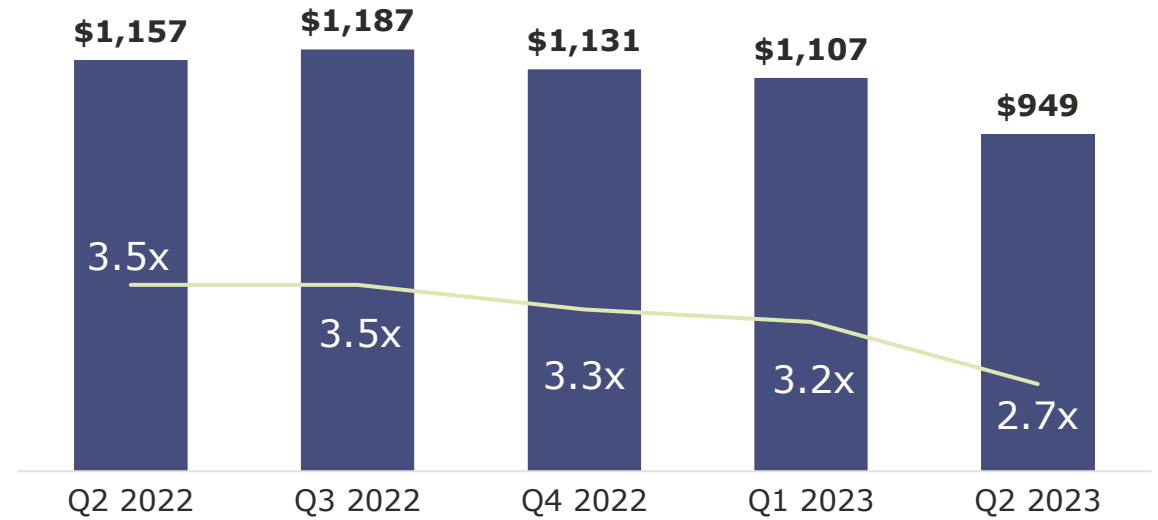
- SaaS & Service Revenue growth of 11% driven by “Land and Expand” business model
- Product revenue is expected to increase sequentially throughout the year
- Adjusted EBITDA margins up slightly compared to prior year due to volume leverage

Strong Adjusted EPS and De-levering performance

Adjusted EPS



Net Debt & Leverage



Consistent earnings power and continued de-levering driven by FCF generation, debt paydown and warrant redemptions

Increasing 2023 Financial Guidance

Year-over-Year Revenue and Adj. EBITDA growth of ~9%

- CS driven by strong travel demand (2H 23' TSA volume forecasted at ~99% of 2019 levels) + increased adoption
- GS driven by strong backlog generating HSD Service revenue growth for the full year
- T2 expected to deliver full year low double-digit growth over last year

The updated diluted share count of 162M shares includes the issuance of the final earnout shares and excludes any potential share repurchases

	<u>Previous Guidance</u>	<u>Updated Guidance</u>
Total Revenue	\$780 - \$800	\$800 - \$810
Adj. EBITDA	\$360 - \$370	Upper end of range
Adj. EPS	\$1.00 - \$1.10	No change
Diluted Share Count	156M	162M
Free Cash Flow	\$135 - \$155	Upper end of range
Net Leverage	~3.0 x	~2.5 x

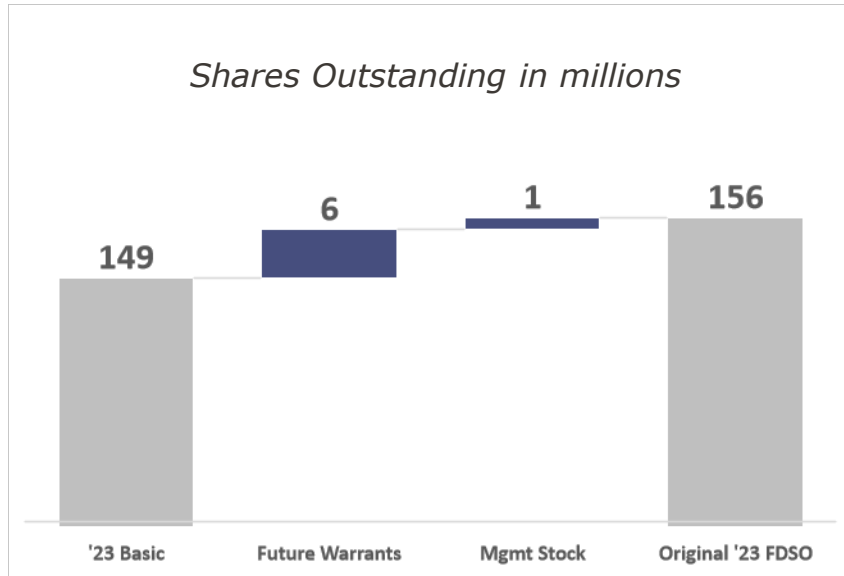
In millions, except per share data & net leverage

Appendix

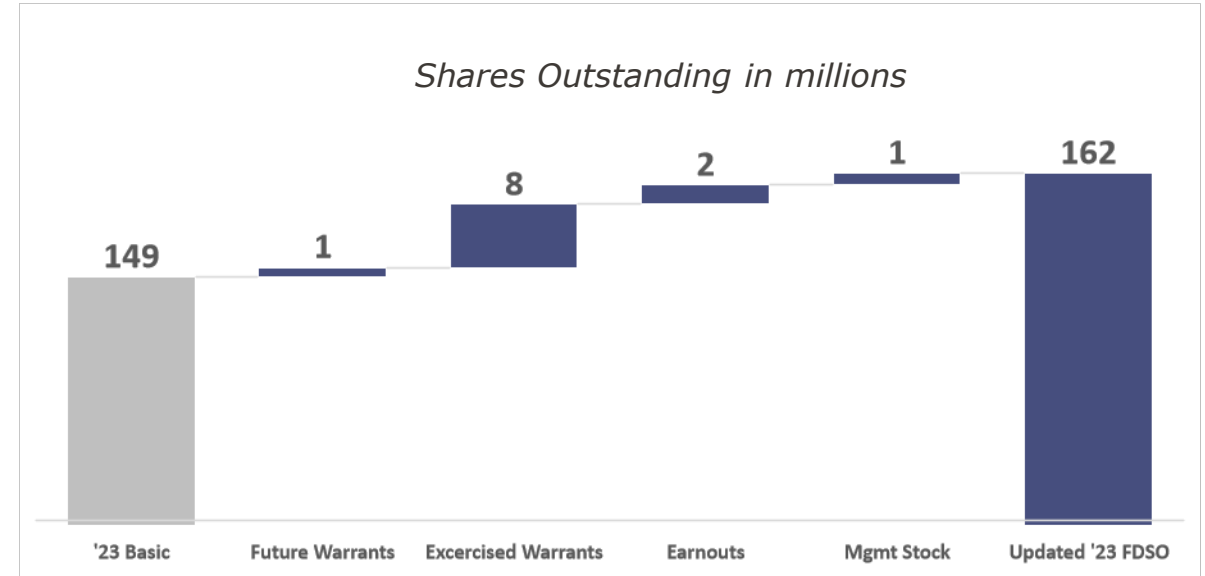
Updated Weighted Average Shares Outstanding for 2023

Updated fully diluted share count guidance for 2023 due to cash-exercise warrant redemption primarily in Q2 2023

Original Guidance (Q4 22 Earnings Call)



Updated Guidance (Q2 23 Earnings Call)



Key Highlights

- Original guidance assumed 156MM shares outstanding for '23 factoring in early '23 share price & cashless warrant redemption
- Updated guidance assumes 162MM shares outstanding for '23 primarily due to warrant exercises for cash in late Q2 2023
- ~3MM warrants outstanding at close of Q2 '23 ... 17MM warrants exercised YTD (mix of cash/cashless)

Verra Mobility Quarterly Results

2020 - 2023

Unaudited (\$ in millions)	Full Year 2020	Full Year 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Full Year 2022	Q1 2023	Q2 2023
Service revenue	\$336.3	\$492.8	\$161.1	\$174.5	\$180.6	\$179.0	\$695.2	\$184.7	\$196.0
Product sales	57.3	57.7	9.3	13.0	17.0	7.1	46.4	7.2	\$8.4
Total revenue	\$393.6	\$550.6	\$170.4	\$187.5	\$197.7	\$186.1	\$741.6	\$191.9	\$204.5
Cost of service revenue	4.0	5.3	3.8	3.7	4.1	4.7	16.3	4.2	4.3
Cost of product sales	29.6	29.8	6.0	8.3	11.3	5.3	30.9	5.4	6.0
Operating expenses	115.7	163.4	51.1	55.2	60.5	59.5	226.3	61.8	65.7
Selling, general and administrative expenses	89.7	123.4	41.6	40.2	41.1	40.2	163.1	40.0	43.2
Depreciation, amort, and (gain) loss on disposal of assets, net	116.8	116.8	35.9	34.9	35.0	34.3	140.2	30.3	29.1
Total costs and expenses	\$355.8	\$438.7	\$138.4	\$142.3	\$152.2	\$144.0	\$576.9	\$141.8	\$148.3
Income (loss) from operations	37.8	111.9	32.0	45.2	45.5	42.0	164.7	50.1	56.2
Interest expense, net	40.9	44.9	14.3	14.5	20.3	20.3	69.4	22.7	22.8
Change in fair value of private placement warrants	1.1	7.6	3.7	(6.6)	(2.3)	(9.3)	(14.4)	14.6	10.9
Tax receivable agreement adj	6.9	(1.0)	-	(1.0)	-	0.2	(0.7)	-	-
Loss on interest rate swap	-	-	-	-	-	(1.0)	(1.0)	2.8	(4.8)
Loss on extinguishment of debt	-	5.3	-	-	(3.0)	-	(3.0)	1.3	0.2
Other (income) expense, net	(11.9)	(12.9)	(2.9)	(4.0)	(2.5)	(3.3)	(12.7)	(3.8)	(4.5)
Total other expense	\$37.0	\$44.0	\$15.1	\$2.9	\$12.5	\$7.0	\$37.6	\$37.7	\$24.6
Income (loss) before income taxes	0.9	67.9	16.9	42.3	33.0	35.0	127.1	12.4	31.6
Income tax provision (benefit)	5.4	26.5	6.8	12.6	8.4	6.8	34.6	7.8	12.5
Net (loss) income	(\$4.6)	\$41.4	\$10.0	\$29.6	\$24.6	\$28.2	\$92.5	\$4.6	\$19.1
Bridge to adj. EBITDA									
Net (loss) income	(\$4.6)	\$41.4	\$10.0	\$29.6	\$24.6	\$28.2	\$92.5	\$4.6	\$19.1
Interest expense, net	40.9	44.9	14.3	14.5	20.3	20.3	69.4	22.7	22.8
Income tax provision (benefit)	5.4	26.5	6.8	12.6	8.4	6.8	34.6	7.8	12.5
Depreciation and amortization	116.6	116.8	35.7	34.5	35.1	33.4	138.7	30.3	29.0
EBITDA	\$158.3	\$229.6	\$66.8	\$91.3	\$88.3	\$88.7	\$335.2	\$65.4	\$83.4
Transaction and other related	1.9	14.0	0.2	0.3	3.0	(0.1)	3.4	0.3	0.1
Transformation expense	1.1	1.7	0.1	0.2	0.3	0.6	1.1	0.0	0.7
Loss on extinguishment of debt	-	5.3	-	-	(3.0)	-	(3.0)	1.3	0.2
Impairment of long-lived assets	-	-	-	-	-	1.3	1.3	-	-
Loss on interest rate swap	-	-	-	-	-	(1.0)	(1.0)	2.8	(4.8)
TRA adjustment	6.9	(1.0)	-	(1.0)	-	0.2	(0.7)	-	-
Change in fair value of private placement warrants	1.1	7.6	3.7	(6.6)	(2.3)	(9.3)	(14.4)	14.6	10.9
Stock-based compensation	12.6	13.8	4.4	4.6	4.6	3.0	16.7	3.4	4.5
Adjusted EBITDA	\$181.8	\$270.9	\$75.3	\$88.8	\$90.9	\$83.6	\$338.5	\$87.9	\$95.0

Verra Mobility Quarterly Results

Segment Results of Operations

Commercial Services

Unaudited (\$ in millions)	Full Year 2020	Full Year 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Full Year 2022	Q1 2023	Q2 2023
Total Revenue									
Commercial Services	\$180.9	\$260.9	\$73.5	\$84.9	\$86.1	\$81.6	\$326.0	\$85.6	\$94.5
Segment Adj EBITDA									
Commercial Services	\$97.2	\$160.4	\$46.6	\$56.5	\$56.4	\$49.0	\$208.5	\$53.6	\$61.1

Government Solutions

Unaudited (\$ in millions)	Full Year 2020	Full Year 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Full Year 2022	Q1 2023	Q2 2023
Total Revenue									
Government Solutions	\$212.7	\$283.2	\$78.8	\$83.5	\$89.7	\$84.6	\$336.7	\$85.9	\$88.3
Segment Adj EBITDA									
Government Solutions	\$84.7	\$107.9	\$25.5	\$29.2	\$30.4	\$30.7	\$115.8	\$31.5	\$30.4

Parking Solutions

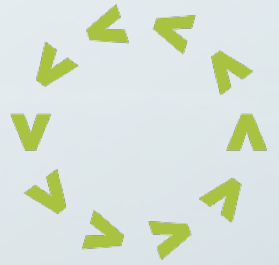
Unaudited (\$ in millions)	Full Year 2020	Full Year 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Full Year 2022	Q1 2023	Q2 2023
Total Revenue									
Parking Solutions	\$0.0	\$6.5	\$18.1	\$19.1	\$21.9	\$19.9	\$79.0	\$20.3	\$21.8
Segment Adj EBITDA									
Parking Solutions	\$0.0	\$2.6	\$3.2	\$3.0	\$4.2	\$3.9	\$14.2	\$2.9	\$3.5

Verra Mobility Adj. Net Income and Adj. Diluted EPS Reconciliations

(in \$MM, except <i>per share</i> data)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Net Income	\$ 29.6	\$ 24.6	\$ 28.2	\$4.6	\$19.1
Amortization of intangibles	27.2	26.6	25.1	22.0	20.0
Transaction and other related expenses	0.3	3.0	(0.1)	0.3	0.1
Transformation expenses	0.2	0.3	0.6	0.1	0.7
Change in fair value of private placement warrants	(6.6)	(2.3)	(9.3)	14.6	10.9
Tax receivable agreement liability adjustment	(1.0)	-	0.2	-	-
Loss on extinguishment of debt	-	(3.0)	-	1.3	0.2
Change in fair value of interest rate swap	-	-	(1.0)	1.6	(5.1)
Stock-based compensation	4.6	4.6	3.0	3.4	4.5
Impairment on privately-held equity investment	-	-	1.3	-	-
Total adjustments before income tax effect	24.6	29.2	20.0	43.2	\$31.3
Income tax effects on adjustments ¹	(10.3)	(11.0)	(8.9)	(8.0)	(6.3)
Total adjustments after income tax effect	14.3	18.2	11.1	35.2	25.0
Adjusted Net Income	\$ 44.0	\$ 42.7	\$39.4	\$39.8	\$44.2
Adjusted EPS	\$ 0.27	\$ 0.27	\$ 0.25	\$0.26	\$ 0.29
Diluted weighted average shares outstanding	160,344	158,304	154,825	153,129	152,590

¹ Beginning in the third quarter of 2022, we removed the (i) change in fair value of private placement warrants (ii) tax receivable agreement liability adjustment and (iii) loss on extinguishment of debt from total adjustments before income tax effect prior to applying our annual estimated effective income tax rate to calculate the income tax effect on adjustments. These discrete items are being removed because they do not impact taxable income. In addition, we began using our annual estimated effective tax rate in lieu of the period-to-date effective tax rate from our consolidated statements of operations, in calculating the income tax effect on total adjustments to net income. We believe that our annual estimated effective income tax rate provides investors a more meaningful effective tax rate than our period-to-date effective tax rate, which included the discrete items named above. The comparable prior periods have been recast to conform to the revised presentation although the impact of this revision to previously reported Adjusted Net Income or Adjusted EPS was not material.





**VERRA
MOBILITY™**
Safe. Smart. Connected.

Thank You

<http://ir.verramobility.com/>

